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Washington State Transportation Commission
Transportation Building
Olympia, WA 98504

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Dear Transportation Commissioners,

I apologize for changing my mind about being present today. However, in light of the recommendation the Tariff Policy Committee (TPC) is forwarding to you, my absence should not impact your meeting or your decision. I have asked Ray Deardorf to read this letter to you because I promised the TPC members that I would outline their concerns and the two positions with respect to the general fare increase. Several other more routine items are also forwarded to you at this time, and they will be presented by Ray Deardorf.

The TPC discussion on January 9 was informed by the *WSDOT 2007 Supplemental and 2007-2009 Request and 16- year plan*. The TPC was particularly concerned about the \$17M deficit in that document. Since ferries are a lifeline for most TPC members, a shortfall of this size is a serious threat to the continued existence of life as they know it. So, the discussion of what the fare increase should be was intense and very serious.

The following concerns were discussed by TPC members and are emphasized here to provide context to the recommendation:

- A \$17M deficit with no plan for additional revenue appears to threaten the ability of WSF to deliver expected service to its riders for this biennium;
- Assumptions about fuel costs, future labor settlements, inflation increases, and ridership projections cast further doubt on the realism of the figures. An even larger deficit is likely and further threatens WSF's program in the long range. In a nutshell, WSF is under-funded and the *WSDOT 2007 Supplemental and 2007-2009 Request and 16 year plan* ducks the issue;
- The lack of contingency funding and operating reserve is not prudent;
- The transfer of operating revenue to fund capital expenditures is contrary to any kind of equity between land and marine highways. At present 100% of the capital expense for both land and marine highways is covered by tax dollars. And, at present, the user pays the cost of operating the vehicle on both (with tax subsidy for maintenance and operation of both). A stable source of tax funding must be found to support the capital program for marine highways just as there is tax support for land highways.

Two positions emerged among TPC members:

- Recommend a 2½% increase as requested by the Governor's budget and the WSTC Chair's September letter. This would give the Legislature a chance to fix

the problems with the 2007-09 budget and 16-year plan. However, the TPC requests WSTC consent to consider a further fare increase for October, 2007 if the *WSDOT 2007 Supplemental and 2007-2009 Request and 16 year plan* problems are not remedied;

Or

- Recommend a 5 or 6% increase to make the task of balancing the budget in future years easier. This would send a message to the Legislature, Governor and WSTC that the *WSDOT 2007 Supplemental and 2007-2009 Request and 16 year plan* is not sustainable.

In a split vote, The TPC voted to recommend the 2½% increase. Failure to reach consensus is unusual for the TPC and indicates members' personal struggles over this crucial issue.

TPC members were unified in requesting that the legislature fund a customer market study to sample customers' preferences for service, potential use of incentives for off-peak travel, potential effect of disincentives for peak hour travel and similar issues.

I am aware that the WSTC may decide to disband the TPC. I think this would be a mistake. The TPC's composition (ie. Ferry Advisory Committee members, transit executives, labor, non-motorized and trucking representation) and profound knowledge of fare policy history, community sensitivity, idiosyncrasies of the various terminals and routes and similar factors makes it the ideal group to do the leg-work and the public outreach work for the structural part of WSTC's ferry fare setting. AT the same time, the task of looking for appropriate fare increases may very well be better tackled by the WSTC since TPC members' role of representing their community's ferry riders conflicts with the need to constantly increase fares. TPC members' role of acting as advocates for fare change proposals in their local communities as they carry out public outreach activities would also be lost if the TPC were discontinued. Is the WSTC ready and willing to take on that role or be accused of not listening to their riders?

If allowed to continue in business, the TPC would like to consider some structural fare issues this spring for future consideration by the WSTC. Among them are:

- Congestion pricing (time of day pricing/value pricing);
- The relationship of the passenger fare to the vehicle fare;
- Reducing the base size of a vehicle from 20' to something less to incentive-ize smaller vehicles;
- Align fares with regional transit fares;
- Fees for reserved space (similar to HOT lanes);

Please do not hesitate to contact me if I can be of further assistance regarding the 2007 WSF fare increase or anything contained in this letter.

Sincerely,

Alice B. Tawresey